



**City of Saint Paul**

*Randy C. Kelly, Mayor*

*160 City Hall  
15 West Kellogg Boulevard  
Saint Paul, Minnesota 55102-1631*

*Telephone: (651) 266-8800  
Facsimile: (651) 266-8541*

November 19, 2004

Council President Kathy Lantry, and  
City Councilmembers  
3<sup>rd</sup> Floor City Hall  
15 West Kellogg Boulevard  
St. Paul, MN 55102

Subject: Material for the November 24<sup>th</sup> Budget Meeting

Dear Council President Lantry and City Councilmembers:

The attached material has been prepared for your use as background, and will be used by presenters at next Wednesday's meeting. Please bring this packet of advance material with you to the meeting.

The enclosed information has been prepared by staff and is related to the discussion items listed on the City Council's 2004 Meeting Notice and Agenda for November 24<sup>th</sup>, 2004, as distributed on Friday, November 19<sup>th</sup>, 2004. The discussion items and materials are:

- I. Review and Approve Agenda for November 24th and tentative agendas for December 1st and December 8th. (Council President Kathy Lantry)
- II. Review and Update as Necessary, the latest Version of the "City Council 2005 Budget Issues List" (Bob Kessler, Council Research)
- III. Questions regarding the RiverCenter Budget as follow up to the presentations provided by RiverCenter Staff to Councilmembers. (Eric Willems, Acting RiverCenter Director)

See page 3.

- IV. Report on General Government Accounts (Matt Smith, Director of Financial Services)

See pages 4-9.

- V. Report on Revised Revenue Estimates (Matt Smith, Director of Financial Services)

Materials will be distributed at the meeting.

VI. Review Funding Options for the Neighborhood Investment Initiative Program (NIIP) and the Neighborhood Partnership Performance Contract Program (NPPCP)

The Mayor's Proposed Budget did not recommend funding for the Neighborhood Investment Initiative Program. The proposed budget recommends \$138,662 in General Fund spending and \$305,250 in Community Development Block Grant funding for the Neighborhood Partnership Performance Contract Program, the same as the adopted 2004 budget.

VII. Identification of Items for the Dollar List (Potential Changes to the Proposed 2005 Budgets) (Matt Smith, & Greg Bles, Former Fiscal Policy Advisor)

If you have questions on these subjects, please contact me. I look forward to seeing you next Wednesday.

Cordially,



Matt Smith  
Director

cc: Dennis Flaherty  
Budget Analysts  
Department Directors  
Trudy Moloney

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## RiverCentre 2005 Calendar Year Budget Proposed

	2000 Actual	2001 Actual	2002 Actual	2003 Actual*	2004 Budge	2004 Forecast	Proposed 2005 Budget
<b>REVENUES</b>							
Building Rent	\$1,530,379	1,420,397	1,572,902	1,522,322	* 1,717,980	1,535,977	1,785,478
Service Income	\$1,559,067	1,498,336	1,611,417	1,465,664	* 1,644,777	1,689,036	1,867,107
Parking Ramp	\$2,573,020	2,649,268	3,134,249	2,613,154	* 2,849,131	2,783,124	3,056,311
Food & Beverage	\$808,920	651,699	626,407	689,976	* 779,934	902,246	792,328
Sponsorship	\$366,959	554,362	437,157	413,765	* 559,250	398,277	526,120
Other Income	\$431,111	326,733	462,946	156,684	* 162,687	134,381	153,687
<b>TOTAL REVENUE</b>	<b>7,269,456</b>	<b>7,100,795</b>	<b>7,845,078</b>	<b>6,861,565</b>	<b>* 7,713,759</b>	<b>7,443,041</b>	<b>8,181,031</b>
<b>EXPENSES</b>							
Facility Operations	\$2,606,879	1,493,856	1,364,799	1,229,723	* 1,439,303	1,377,994	1,413,802
Event Operations		1,025,917	1,285,350	1,284,266	* 1,328,087	1,302,297	1,651,467
Parking Ramp Costs	\$814,235	730,170	741,146	767,005	* 764,267	800,853	804,396
Marketing	\$355,586	384,503	283,473	287,436	* 347,376	288,129	386,005
Overhead	\$2,095,188	2,025,255	1,901,166	1,837,006	* 1,954,496	1,914,375	2,100,075
Administration	\$162,011	334,546	339,385	498,096	* 599,533	520,691	580,948
Authority	\$46,367	171,132	199,726	228,131	* 281,383	214,738	257,019
Management Fees	\$87,500	265,700	244,652	250,639	* 283,384	283,384	356,808
<b>TOTAL EXPENSES</b>	<b>6,167,766</b>	<b>6,431,079</b>	<b>6,359,697</b>	<b>6,382,302</b>	<b>* 6,997,829</b>	<b>6,702,461</b>	<b>7,550,521</b>
<b>GROSS OPERATING PROFIT (LOSS)</b>	<b>1,101,690</b>	<b>669,716</b>	<b>1,485,381</b>	<b>479,263</b>	<b>* 715,930</b>	<b>740,580</b>	<b>630,510</b>
<b>NON OPERATING</b>							
Interest Expense (Lease Interest D	\$174,940	115,847	106,569	*			
\$1 Connection	\$45,695	0	177,307	*			
\$5 Connection			119,710	*			
Ramp Repair Debt	\$0	400,000	400,000	0			
Debt Service	\$660,000	0	125,000	515,000	634,762	634,761	\$ 627,740
Minnesota Moose Loan		0	0	0			
Lease (DO NOT BUDGET-03-BS Item)		0	0	0			
<b>TOTAL NON OPERATING</b>	<b>880,635</b>	<b>515,847</b>	<b>928,586</b>	<b>515,000</b>	<b>634,762</b>	<b>634,761</b>	<b>627,740</b>
<b>NET INCOME FROM OPERATING &amp; NON OPERATING (LOSS)</b>	<b>221,055</b>	<b>153,869</b>	<b>556,795</b>	<b>(35,737)</b>	<b>81,168</b>	<b>105,819</b>	<b>2,770</b>
Amortization/Depreciation	\$362,571	367,979	367,137	365,302	392,099	379,409	379,409
<b>NET INCOME (LOSS)</b>	<b>(141,516)</b>	<b>(214,110.00)</b>	<b>189,658.00</b>	<b>(401,039)</b>	<b>(310,931)</b>	<b>(273,590)</b>	<b>(376,639.12)</b>

# General Government Accounts

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## **Mission Statement**

To budget for services provided on a citywide basis and not directly associated with an operating department or office.

## **Strategic Plan Accomplishments and 2005 Priorities**

### **Major Accomplishments**

- Working with the City's labor union representatives, city staff have managed the financial control of the costs related to city employee fringe benefits, including pensions, insurance, workers' compensation and severance pay.
- The audit of the City's 2003 financial records is complete, and the annual financial report has been prepared, printed and distributed.
- Tort claims levied against the City and approved by the city council have been managed, and claimants paid from department budgets. Tort budgets are now distributed to departments, and a central budget no longer exists.
- The City's interests and share of costs for the operation of city hall, including security issues in the aftermath of 9/11/01, have been managed.
- The citizen participation program and the neighborhood crime prevention programs were funded.
- Election services to the citizens of Saint Paul were provided.

### **2005 Priorities**

- The city council staff manage the Civic Organization Partnership program and the budget for the Charter Commission.
- The City Attorney's Office oversees the Tort Liability budget and administers the budget for any use of law firms and expert legal service outside of the city attorney staff.
- The Citizen Services Office is responsible for the elections services budget.
- The Office of Financial Services works with the budgets for pensions, severance pay, state auditor, the contribution to the capital budget, the Capital Improvement Budget committee, financial forms, employee parking, and refunds.
- Mayor's Office staff controls the budget for the City's municipal memberships and dues.
- The Real Estate unit of Public Works deals with exempt and forfeited property assessments and the service and operations of the city hall building.
- Human Resources (risk management) leads the citywide effort to control the costs associated with workers compensation, employee and retiree health insurance, torts, and unemployment compensation, and manages the surety bonds budget. For 2005, the accounting approach for workers' compensation costs will change from an indirect approach to a direct one. There will no longer be a central budget for workers' compensation, but rather the responsibility and budgets will be distributed to departments.
- The Planning and Economic Development staff directs the budget for Citizen Participation and the Neighborhood Crime Prevention program.

## General Government Accounts

Department/Office Director: **MATTHEW G SMITH**

	2002 2nd Prior Exp. & Enc.	2003 Last Year Exp. & Enc.	2004 Adopted Budget	2005 Mayor's Proposed	Change from 2004 Adopted
<b><u>Spending By Unit</u></b>					
001 GENERAL FUND	7,935,087	7,334,618	5,962,766	6,352,992	390,226
720 DEBT-CAPITAL IMPROVEMENT FUND	129,322				
Total Spending by Unit	<b>8,064,409</b>	<b>7,334,618</b>	<b>5,962,766</b>	<b>6,352,992</b>	<b>390,226</b>
<b><u>Spending By Major Object</u></b>					
SALARIES	103,227	72,202	70,594	4,954	-65,640
SERVICES	2,491,954	2,435,702	2,765,259	2,729,495	-35,764
MATERIALS AND SUPPLIES	98,663	57,708	15,469	26,404	10,935
EMPLOYER FRINGE BENEFITS	47,200	-25,003	-65,102	80,134	145,236
MISC TRANSFER CONTINGENCY ETC	3,653,906	3,498,994	3,176,546	3,512,005	335,459
DEBT	1,090,338	939,892			
STREET SEWER BRIDGE ETC IMPROVEMENT					
EQUIPMENT LAND AND BUILDINGS	579,121	355,123			
Total Spending by Object	<b>8,064,409</b>	<b>7,334,618</b>	<b>5,962,766</b>	<b>6,352,992</b>	<b>390,226</b>
Percent Change from Previous Year		<b>-9.0%</b>	<b>-18.7%</b>	<b>6.5%</b>	
<b><u>Financing By Major Object</u></b>					
GENERAL FUND	7,935,087	7,334,618	5,962,766	6,352,992	390,226
SPECIAL FUND					
TAXES					
LICENSES AND PERMITS					
INTERGOVERNMENTAL REVENUE					
FEES, SALES AND SERVICES	116,910	34,435			
ENTERPRISE AND UTILITY REVENUES					
MISCELLANEOUS REVENUE	0	4,671			
TRANSFERS					
FUND BALANCES					
Total Financing by Object	<b>8,051,997</b>	<b>7,373,724</b>	<b>5,962,766</b>	<b>6,352,992</b>	<b>390,226</b>
Percent Change from Previous Year		<b>-8.4%</b>	<b>-19.1%</b>	<b>6.5%</b>	

# Budget Explanation

## Major Changes in Spending and Financing

### Creating the 2005 Budget Base

The 2004 adopted budget was adjusted to set the budget base for the year 2005. The actual 2004 salary rates were implemented and the cost of one pay day was removed because 2004 was a leap year, with one extra work day. The base includes the planned salaries and growth in fringes for 2005 for employees related to the bargaining process, and a small 2% growth for normal inflation on goods and services. The budget base also reflects the city-wide policy decision to alter the way the costs of workers' compensation are accounted for: moving away from an indirect allocation method and to a direct charge approach recording each department's costs in their own department budget. So, a separate line item budget for workers' compensation was included in specific department activity base budgets. Finally, one-time 2004 spending amounts were removed from the budget base and a spending reduction was imposed on the department's adjusted general fund budget to help control city general fund spending, and meet the third round of announced cutbacks in the State's 2005 local government aid funding.

Further adjustments were then made to the base. Specifically:

- adjusting the 2004 estimates for financing for pension aids to bring them to an expected 2005 level, and
- establishing the central reserve for workers' compensation costs for small offices with no consistent history of workers' compensation claims, and
- employee benefit costs were projected, included in the base, and then considered in the approach that distributes those total costs to the city departments' budgets through the budget system using the "fringe rate" process.

### Mayor's Recommendations

The proposed general fund budget for the General Government Accounts for 2005 is \$6,353,991, and is up \$331,770, or 5.5% from the adopted 2004 budget of \$6,022,221. The General Government Accounts have no special fund budgets.

Some notable changes recommended by the Mayor include:

- applying funding from the general fund and the Community Development Block grant to increase the district councils' budget as suggested by the proposal submitted by the Ad Hoc Committee on Citizen Participation,
- removing the one-time 2004 budget for the initial assessment and start up design work related to a 311 citizen response phone system for Saint Paul,

### Mayor's Recommendations (continued)

- adding to the Exempt and Forfeited Property Assessments budgets to cover anticipated city assessment rate increases related to lighting,
- modifying the municipal memberships budget for some minor changes in dues, and
- including the normal annual increase in the elections contract with Ramsey County,

**CITY OF SAINT PAUL**  
**Department Spending Plan by Division and Activity**  
**City Council's 2005 Adopted City Budget**

**BudgetYear: 2005**

**GENERAL FUND**

**Fund Number: 001 GENERAL FUND**

**Department ID: 17 GENERAL GOVERNMENT ACCOUNTS**

Activity		2002	2003	2004	2005	2005	2005	Mayor Change	
Number	Title	2nd Prior Exp & ENC	Last Year Exp & ENC	Adopted	Base	Mayor	Mayor	From Mayor	2004 Adopted
09100	CIVIC ORGANIZATION CONTRIBU	173,118	224,298	138,662	138,662	138,662	138,662		
09145	CHARTER COMMISSION	6,654	5,713	10,000	9,893	10,000	10,000		
CITY COUNCIL GENERAL GOV'T		179,772	230,011	148,662	148,555	148,662	148,662		
09003	SEVERANCE PAY:GEN FD SHARE								
09011	ST PAUL FIRE DEPT RELEIF ASS								
09013	PERA, SOCIAL SECURITY & HRA	-1							
09014	BUILDING TRADES FRINGE BENE								
09030	SECURITIES LENDING	1,132,254	974,486						
09040	INNOVATIONS AND TECHNOLOG	238,975	196,146	100,000	102,000				-100,000
09050	PUBLIC IMPROVEMENT AID	770,000	700,000	700,000	700,000	700,000	700,000		
09063	CIB COMMITTEE PER DIEM	2,950	7,084	8,700	8,874	18,874	18,874		10,174
09080	FINANCIAL FORMS: PRINTING	59,219	65,699	65,870	67,187	67,187	67,187		1,317
09110	CITIZEN PARTICIPATION	552,082	594,875	474,516	474,516	574,516	574,516		100,000
09111	NGHBD CRIME PREVENTION PRO	123,541	121,531	136,751	136,751	136,751	136,751		
09126	MUNICIPAL MEMBERSHIPS	95,938	97,454	110,949	113,168	108,615	108,615		-2,334
09130	STATE AUDITORS FEES	197,547	220,959	222,406	226,854	226,854	226,854		4,448
09948	EMPLOYEE PARKING: OFFICIAL	299,618	197,419	207,849	212,006	212,006	212,006		4,157
09949	REFUNDS AND REPAYMENTS	443	45	1,500	1,500	1,500	1,500		
EXECUTIVE ADM GENERAL GOV		3,472,566	3,175,698	2,028,541	2,042,856	2,046,303	2,046,303		17,762
09001	EMPLOYEE INSURANCE - CITY SH								
09002	RETIREE INSURANCE - CITY SHA								
09005	ARBITRATION LIABILITY	45,396							
09020	WORKER'S COMPENSATION	1	2		-1,129				
09025	WORKER'S COMPENSATION (SMA	71,916			79,793	79,793	79,793		79,793
09081	TORT CLAIMS	236,990	227,314	50,000	50,000	50,000	50,000		
09085	SURETY BOND PREMIUMS	7,025	9,650	7,000	7,140	11,550	11,550		4,550
HUMAN RESOURCES GENERAL GOV'T		361,328	236,966	57,000	135,804	141,343	141,343		84,343
09070	TORT LIABILITY	315,816	205,429	250,000	250,000	250,000	250,000		
09073	CITY ATTORNEY-OUTSIDE COUN	54,463	39,766	113,000	115,260	115,260	115,260		2,260
CITY ATTORNEY GENERAL GOV'T		370,279	245,195	363,000	365,260	365,260	365,260		2,260



CITY OF SAINT PAUL  
Department Spending Plan by Division and Activity  
City Council's 2005 Adopted City Budget

BudgetYear: 2005

GENERAL FUND

Department ID: 17      GENERAL GOVERNMENT ACCOUNTS

Activity		2002	2003	2004	2005	2005	2005	Mayor Change	
Number	Title	2nd Prior Exp & ENC	Last Year Exp & ENC	Adopted	Base	Mayor	Mayor	From Mayor	2004 Adopted
09051	EXEMPT PROP ASSESSMENT/SER	1,350,551	1,288,813	1,251,297	1,251,299	1,486,758	1,486,758		235,461
09052	FORFEITED PROPERTY ASSESSME	199,926	178,641	173,897	173,897	173,897	173,897		
09055	ENVIRONMENTAL CLEAN UP	20,696	76,627	50,029	51,030	51,030	51,030		1,001
09170	CH/CH BUILDING MTC (CITY SHA	1,475,157	1,359,903	1,379,340	1,406,927	1,392,239	1,392,239		12,899
PUBLIC WORKS GENERAL GOV'T		3,046,330	2,903,984	2,854,563	2,883,153	3,103,924	3,103,924		249,361
09263	ELECTIONS	504,812	542,764	511,000	521,220	547,500	547,500		36,500
CITIZEN SERVICES GENERAL GOV'T		504,812	542,764	511,000	521,220	547,500	547,500		36,500
Total For GENERAL GOVERNMENT ACCOUNT		7,935,087	7,334,618	5,962,766	6,096,848	6,352,992	6,352,992		390,226
Total For 001 GENERAL FUND		7,935,087	7,935,087	5,962,766	6,096,848	6,352,992	6,352,992		390,226
Total For GENERAL FUND		7,935,087	7,334,618	5,962,766	6,096,848	6,352,992	6,352,992		390,226